

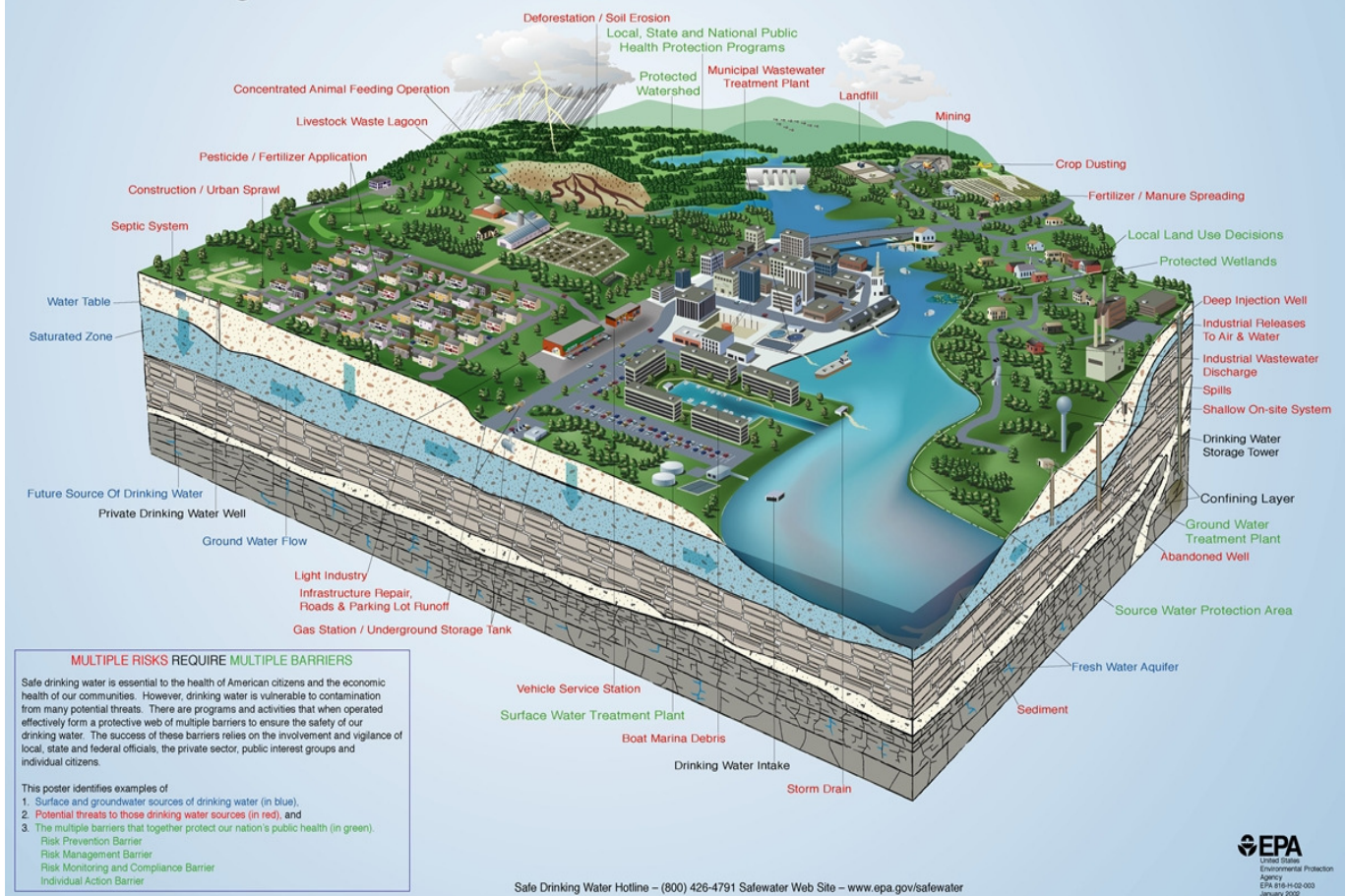
STATE OF UTAH

DEPARTMENT OF ENVIRONMENTAL QUALITY

DIVISION OF DRINKING WATER

2013 DWSRF INTENDED USE PLAN

Safe Drinking Water Act - Protecting America's Public Health



**STATE OF UTAH
DIVISION OF DRINKING WATER
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SECTION A: Drinking Water State Revolving Fund (DWSRF)

A-1 Plan Introduction:

The national Drinking Water State Revolving Fund (DWSRF) program established by the Safe Drinking Water Act (SDWA) Amendments of 1996, authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states, which in turn may provide low-cost loans and other types of assistance to eligible public water systems to finance the costs of infrastructure projects needed to achieve or maintain compliance with SDWA requirements. States are also authorized to set-aside a portion of their capitalization grants to fund a range of activities including administration, technical assistance, source water protection, capacity development, and operator certification.

The Utah Legislature enacted Utah Code Annotated (UCA) 19-4-101 et seq. establishing the Utah Safe Drinking Water Board (Board). UCA 19-4-104 empowers the Board with rule making authority to meet the requirements of federal law governing drinking water. UCA 19-1-105 establishes the Division of Drinking Water (DDW) which is tasked with the responsibility to administer UCA 19-4-101 et seq. The Board has promulgated rules for making loans incorporating the requirements of the Federal Safe Drinking Water Act at Utah Administrative Code (UAC) R309-705. Additionally, the Board is authorized by UCA 19-4-104(1)(a)(v) and 19-4-104(2) to promulgate rules for certification of operations and governing capacity development in compliance with Section 1419 and 1420 of the Federal Safe Drinking Water Act.

In the 2102 Legislative Session, the Utah Legislature changed the Board make-up by enacting various changes in UCA 19-4-103. The primary change was a reduction of board members from eleven to nine, primarily to be more efficient. A new or revised Board will be in place for the May 2013 board meeting. The Board's purpose has not changed. It still has the responsibility to develop policies and procedures for program implementation and authorizes loans under the DWSRF. The Utah Department of Environmental Quality (DEQ) through DDW directly administers the DWSRF program. The DDW's primary DWSRF activities include administering loans and managing and coordinating the fund.

DDW receives assistance and support from the DEQ's Office of Support Services, the State Division of Finance, the State Attorney General's Office and the State Treasurer's Office. The salaries and benefits of the employees, as well as indirect costs based on direct salary costs, are charged to the DWSRF program. Employees charging time to the DWSRF program are covered by the State of Utah personnel benefits plan. The DWSRF program is charged a loan administration fee by the Division of Finance.

The DWSRF program requires the states to deposit to the loan fund an amount equal to at least 20 percent of the capitalization grant. Loan repayments made by assistance recipients return to the loan fund and provide a continuing source of financing. The following table summarizes awards received by DDW, the allocation between loan and set-aside funds and the required state 20% match.

Table 1								
Summary of DWSRF Grants								
June 30, 2012								
Federal		Award Allocation						State
Fiscal	Award	Total		Loan Fund		Set-Aside Funds		20%
Year	Dated	Amount	%	Amount	%	Amount	%	Match
1997	February 9, 1998	\$ 12,558,800	100%	\$ 9,755,575	77.679%	\$ 2,803,225	22.321%	\$ 2,511,760
1998	September 20, 1999	\$ 7,121,300	100%	5,633,563	79.109%	1,487,737	20.891%	1,424,260
1999	May 1, 2000	\$ 7,463,800	100%	6,019,720	80.652%	1,444,080	19.348%	1,492,760
2000	August 21, 2000	\$ 7,732,000	100%	6,515,880	84.272%	1,216,120	15.728%	1,551,400
2001	September 7, 2001	\$ 7,789,100	100%	6,542,844	84.000%	1,246,256	16.000%	1,557,820
2002	July 30, 2002	\$ 8,052,500	100%	6,384,100	79.281%	1,668,400	20.719%	1,610,500
2003	August 1, 2003	\$ 8,004,100	100%	6,473,444	80.877%	1,530,656	19.123%	1,600,820
2004	July 1, 2004	\$ 8,303,100	100%	6,724,604	80.989%	1,578,496	19.011%	1,660,620
2005	June 23, 2005	\$ 8,285,500	100%	6,709,820	80.983%	1,575,680	19.017%	1,657,100
2006	June 29, 2006	\$ 8,228,900	100%	6,583,120	80.000%	1,645,780	20.000%	1,645,780
2007	June 27, 2007	\$ 8,229,400	100%	6,562,696	79.747%	1,666,704	20.253%	1,645,880
2008	July 31, 2008	\$ 8,146,000	100%	6,516,800	80.000%	1,629,200	20.000%	1,629,200
2009	May 19, 2009	\$ 19,500,000	100%	18,915,000	97.000%	585,000	3.000%	0
2009	June 28, 2009	\$ 8,146,000	100%	6,822,275	83.750%	1,323,725	16.250%	1,629,200
2010	June 16, 2010	\$ 13,573,000	100%	11,401,320	84.000%	2,171,680	16.000%	2,714,600
2011	July 1, 2011	\$ 9,418,000	100%	7,440,220	79.000%	1,977,780	21.000%	1,883,600
2012	June 12, 2012	\$ 8,975,000	100%	6,590,250	73.429%	2,384,750	26.571%	1,795,000
	Total	\$ 159,526,500	100%	\$ 131,591,231	82.489%	\$ 27,935,269	17.511%	\$ 28,010,300

Utah's DWSRF program resulted in the following statistics through SFY12:

Utah's DWSRF fund utilization rate at the end of SFY12 was 91%. From the beginning of the program thru FY 2012 the SRF fund has provided drinking water assistance to communities of approximately \$168 million, \$183.8 million was available.

For SFY12, Utah entered into 11 binding commitments for a total of \$15,221,755. As of January 31, 2013, DWSRF has 15 projects authorized by the Drinking Water Board totaling \$31,653,035, with an additional six more loans which already closed in the first half of FY 2013 totaling \$8,157,581. The calculation of the utilization rate as of December 31, 2012 has been maintained at a 91% utilization rate. We anticipate closing the authorized loans at a similar rate as we have been closing loans, thereby being able to maintain a 91% utilization rate.

DDW will continue to contract with Rural Water Association of Utah (RWAU) to assist small public water systems. They anticipate assisting approximately 400-500 water systems for capacity development or technical assistance. The allotment between states is based on state needs surveys. DDW updated Utah's state needs surveys (approximately 50 systems) and submitted them to EPA with a 92% approval rating by November 30, 2011. The amount awarded to the State of Utah in previous years has been one percent, the minimum allocation. DDW is hopeful the needs survey will increase the percent allocation for future years. The needs survey results should be determined by March 2013 and would pertain to the 2014 federal fiscal

year. Utah has requested and been awarded its annual allocation through federal fiscal year 2012.

The State Auditor, in compliance with the provisions of the Single Audit Act, audits the DWSRF accounts. DWSRF accounts are also subject to review and audit by USEPA, the Office of the Inspector General. DWSRF Funds are included in Utah's Comprehensive Annual Financial Report (CAFR), which uses the modified accrual bases of accounting. Because funds are combined the DWSRF assets, liabilities, and net assets are not identifiable in Utah's CAFR.

The State is required to submit an annual Intended Use Plan (IUP) to EPA as long as the Fund or set-aside accounts remain in operation.

DDW under the direction of the Board administers the loan and set-aside programs.

DWSRF program and procedures are expected to primarily continue similarly as is described in the Operating Agreement.

A-2 DWSRF Loan Program:

The loan program funds low-cost loans and other types of assistance to publicly owned and privately owned community water systems and non-profit non-transient water systems to finance the costs of infrastructure projects. States are responsible for developing a priority system that identifies how projects will be ranked for funding and a list of projects, in priority order, that are eligible for funding. A description of the criteria and the method used for distribution of loan funds is outlined in Utah Administrative Code R309-705.

Loans Program Eligibility Requirements

1. Repayment must begin no later than one year after completion of the project.
2. Loan repayment must be complete no later than 20 years after the completion of the project. A disadvantaged community loan may have up to 30 years as long as the period of the loan does not exceed the expected design life of the project.
3. A minimum of 15% of all dollars credited to the loan fund must provide loans to small systems, those that serve fewer than 10,000 persons.
4. Funding can be used for principal forgiveness for communities meeting the State's "Disadvantage" criteria. The Board has defined disadvantaged communities as those communities located in an area which has a median adjusted gross income which is less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns or where the established annual cost of drinking water service to the average residential user exceeds 1.75% of the median adjusted gross income.
5. The 2013 DWSRF capitalization grant requires a minimum of 20%, but no more than a maximum of 30% to be used for additional subsidization in the form of principal forgiveness, negative interest loans, or grants, or any combination of these. This will be defined in the programmatic conditions of the award and will be followed as defined.

6. The 2013 capitalization grant does not require any “Green Infrastructure Projects”. However, the project priority scoring system does provide for some added points for projects meeting “green” specifications.

7. Unless instructed differently from USEPA, construction bids will be required to use Davis-Bacon Act wage rules.

Interest and Fees:

1. Federal rules section 1452 allows the state to assess interest and/or fees. Fees are calculated and paid in the same manner as interest. Fees have fewer restrictions than interest. The Board has authorized by Rule the establishment of a fund (or account) into which the proceeds of annual fees be placed.

2. Interest payments are deposited to the same loan fund as principal payments and have the same restrictions.

3. Hardship fees are deposited to a separate fund authorized for providing grants to water systems through the State SRF loan program.

4. Technical Assistance fees are to finance technical assistance for eligible water systems or other purposes as allowed by section 1452. This fee is part of the “effective rate” calculated using Table 2, R309-705-6. UAC R309-705-3 defines an SRF Technical Assistance Fund which means a fund (or account) that will be established for the express purpose of providing “Technical Assistance” to eligible drinking water systems. These fees are deposited into the hardship fee fund and are tracked separately.

The Technical Assistance Fund will also provide low interest loans for technical assistance, and any other eligible purpose as defined by Section 1452 of the SDWA Amendments of 1996, to water systems that are eligible for Federal SRF loans. Repayment of these loans may be waived in whole or in part (grant funds) by the Board whether or not the borrower is disadvantaged.

5. Origination Fee: The Utah State Legislature established an origination fee to be charged to all new loans to fund the administration of the Drinking Water SRF program in accordance with UCA 73-10c-10. The set fee of 1% continues to be the rate charged by the Board. It is reviewed annually and may change based on the needs of the program. The origination fee amount is assessed to the loan recipient as a percentage of the principal balance of the loan. It is generally paid at closing as a one-time fee, but the loan recipient may choose to pay separately or with their first pay request from the loan proceeds. All proceeds are deposited into a separate fund. Since fees will be deposited into an account outside of the Fund, they will only be used for program administration or other purposes for which capitalization grants can be awarded under section 1452. Currently, these fees will not be used for any state match requirements. In addition, this fee will not be charged to any disadvantaged community which receives a loan subsidy provided from DWSRF funding.

State fund Drinking Water Loan Program:

The Division of Drinking Water also operates a State funded Drinking Water Assistance Program. The state program provides Utah the flexibility to put together loan packages without the restrictions that accompany the DWSRF program. The federal DWSRF requires 20% state match which is generated from the state loan program.

A-3 Set-Asides:

In addition to loan assistance to eligible public water systems, the DWSRF program also emphasizes the prevention of drinking water contamination by allowing states to reserve a portion of their grant to fund activities that encourage enhanced water system management and source water protection. The funded activities are referred to as set-aside funds. Set-aside activities include:

- 1) Up to four percent of the allotment to administer the DWSRF and provide technical assistance to public water systems;
- 2) Up to ten percent of its allotment for state program management activities, including administration of the state public water supervision system program, administration of the source water protection program, development and implementation of the capacity development and operator certification programs. This set-aside requires a dollar-for-dollar match. However, 40 CFR 35.3535 (d) (2) allows a credit of up to half to the state match from the 1993 state match credit of \$855,668. This credit will be used to match funds provided from state general funds. Other sources of state match have been reviewed for optional additional match including:
 - a. Operation Certification fees (which would require an exemption from program income).
 - b. Hardship grant funds (which may require a Legislative appropriation).
 - c. Loan Origination Fees (these may only be used if the fees are being paid from the water system and not deducted from the loan being issued).

Currently there is sufficient state match available with the use of the PWSS credit and general funds to cover the 1:1 state match.

- 3) Up to two percent of its allotment to provide technical assistance to small public water systems;
- 4) Up to 15 percent of its capitalization grants to assist in the development and implementation of local drinking water protection initiatives, including capacity development, wellhead protection and other state programs.

SECTION B - Intended Use Plan:

B-1 Summary, Financial Status and Goals:

An Intended Use Plan (IUP) explains how the state will use all funds available to the capitalization grant, including funds that will be allocated to the set-asides. Specifically, the IUP describes how DDW plans to use available funds. Funds are received from the federal capitalization grants, the state match, loan repayments including interest and fee payments, and investment earnings.

The state is applying for the 2013 DWSRF appropriation in the amount of \$8,975,000. EPA headquarters is operating under a continuing resolution (P.L. 112-175) which provided an allotment for state capitalization grants from October 1, 2012 through March 27, 2013. DDW's portion is \$4,148,000. Since funding has not been determined for the entire year, DDW is using 2012 appropriation amounts to base the 2013 application requesting \$6,690,250 to be added to the loan fund and \$2,284,750 to the set-aside program. The federally mandated 20% state match of \$1,795,000 will be funded from the Drinking Water State loan program and will be available to transfer into the DWSRF fund within 90 days of the award date.

The Intended Use Plan (IUP) is for the 2013 DWSRF appropriations and will include:

- 1) Specifics on how the Board proposes to use the appropriations;
- 2) A description of the goals of the DWSRF program;
- 3) A list of projects eligible to receive DWSRF funding, which identifies those serving less than 10,000 people;
- 4) Cost estimates for listed projects;
- 5) An estimate of funds anticipated to be available for financial assistance;
- 6) Criteria for selecting projects to receive financial assistance;
- 7) Criteria for determining which communities qualify for hardship status;
- 8) The project scoring and ranking system;
- 9) Projects authorized for funding and those anticipated to be closed in FFY2013 and the 1st or 2nd quarter of FFY2014.

Short and Long-Term DWSRF Goals:

The DWSRF program will help ensure Utah's drinking water supplies remain safe and affordable, and drinking water systems are properly operated and maintained. The objectives of the DWSRF program include ensuring the public health, achieving compliance with SDWA, and assisting systems to provide affordable drinking water.

Short-Term Loan Program Goals

1. Seek the award of the FFY 2013 Capitalization Grant to secure federal funding SRF program and follow all the grant requirements.

2. Work diligently with borrowers to secure authorization of funding from the Board and with closing loans in a timely and efficient manner to SRF loans to applicants in greatest need.
3. To provide a permanent and solvent source of funding to assist communities with financing water systems' capital improvements to maintain compliance with USEPA standards and promote public health.

Long-Term Goals and the Set-Aside Goals

1. To help public water suppliers achieve and maintain compliance with Federal and State drinking water standards.
2. To provide a permanent and solvent source of funding.
3. Continue outreach activities to ensure systems understand DWSRF assistance options and the need to develop managerial, technically and financially sound water systems.
4. Continue to educate and support water suppliers with their water protection (counter-terrorism) efforts.
5. Continue to improve communication with Local Health Departments.
6. Continue to expand the Operator Certification program.
7. Continue to improve the reporting of analytical data to DDW.
8. Maintain and improve the SDWIS/SARA database system.
9. Continue identifying noncompliant water systems using the ETT (Enforcement Target Tool) to assist them to provide safe drinking water to the public.
10. Continue to develop an electronic management system providing easier access to and storage of essential documents.
11. Promote the enablement of web access to predetermined list of standard reports such as: monitoring schedules, IPS reports, inventory reports, and Operator CEU's.
12. Improve the reporting of analytical data to DDW by enabling the electronic transfer of laboratory analytical data from LHD labs.

Transfer and Cross-Collateralization of Funds between the DWSRF and CWSRF:

Section 302 of the SDWA authorizes the transfer up to 33 percent of the amount of a fiscal year's DWSRF program capitalization grant to the CWSRF program or an equivalent amount from the CWSRF program to the DWSRF program. There has been no transfer of funds and no transfers are anticipated.

Withholding of Funds:

EPA has the ability to withhold funds under certain provisions, but the DWB/DDW has complied with the following:

1. The State has authority to ensure all new community water systems and new nontransient, noncommunity water systems commencing operation after October 1, 1999, demonstrate technical, managerial, and financial capacity with respect to each drinking water regulation in effect. Utah Code Annotated 19-4-104 empowers the Drinking Water with rule making authority to meet the requirements of Federal law governing drinking water.
2. The State has developed and is implementing a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity.
3. The State has adopted and is implementing a program for certifying operators of community and nontransient, noncommunity public water systems.

EPA has approved the State's operator certification program.

Public Review of the IUP:

A draft IUP was published on the Drinking Water web site, www.drinkingwater.utah.gov, in February 2013. Notice of the posting and request for public comment was included on the Board February 28, 2013 meeting agenda, which was e-mailed to approximately 300 interested individuals and agencies asking for review and comments. Comments may be made in writing addressed to the Board at 195 North 1950 West, PO Box 144830, Salt Lake City, Utah 84114-4830 or in person at a regular scheduled Board meeting. It was available for comments for approximately one month. No comments were received.

Financial status:

Initial capitalization for the Utah DWSRF program was provided from the 1997 Federal Capitalization Grant and state matching dollars. For the 15 years, 1997 through 2012, DWSRF capitalization grants totaled \$159,526,500. \$131,591,231 was the total loan program portion and \$27,935,269 was used in the set-aside programs. The State 20% match for the same period was \$28,010,300 was added to the loan program. Through January 31, 2013 the Board has authorized 121 projects totaling \$207,807,165. 106 projects totaling \$176,154,130 have been closed (committed) and 15 additional projects totaling \$31,653,035 have been authorized by the Board but have not been closed (not committed). Revenue, disbursements and balances are shown in the financial statements thru 6/30/2012.

DW is applying for \$8,975,000.00, based on the 2012 award amount for DWSRF. This amount may need to be adjusted more or less as funds are allocated by Congress. Adjustments should be made based on the percentages identified in the set-aside section,

plus the set-aside reserve amounts requested. \$6,690,250 will be provided to the loan fund and \$2,284,750 to set-asides. The state 20% match of \$1,795,000 will be transferred to the loan fund within 90 days of the award date. One half of 1:1 match of \$1,097,500 will be expensed during the year from state appropriations or other state funding and the other half will be met by the PWSS credit of 1993 totaling \$855,688 not to be used for not more than ½ of the state match. Currently with overall grant amounts being reduced, the set-aside percentage amounts for both the program augmentation and administrative sections are not sufficient to generate adequate funds to cover one year of DDW's operational budget. Therefore, DDW is requesting to use reserve funds from previous capitalization grant years. The figures in the intended use plan requests \$200,000 additional funds for each set-aside (10% and 4%), however, DDW requests the reserve amounts be increased to generate the total amount of set-asides requested for both the 4% and 10% set-asides as identified in Table 7 in section B-3 Set-Asides. Table 2 identifies the maximum set-asides which could be requested if every possible set-aside percentage and all reserves were applied for in the 2013 capitalization grant. DDW does not intend to use all reserves.

TABLE 2 MAXIMUM AVAILABLE SET-ASIDE AWARDS W/STATE MATCH IF ALL RESERVES WERE USED THIS YEAR				
ACTIVITY	PROG. ELEM.	RESERVE BALANCE	2013 Maximum w/20% state match	
Loan Fund	13DA		3,288,990	1,795,000
4% Administrative Set-Aside			359,000	4%
4% reserve amt		1,448,760	1,448,760	
Maximum 4% w/ max reserves	13DD		1,807,760	
2% Small Sys.Tech. Asst. max =	13DE	no reserve	179,500	2%
10% State Program Set-Aside max =	897,500			
10% reserve amt		1,455,000	1,455,000	16.21%
PWS Supervision			897,500	10.0%
Capacity Development Oversight			0	0.0%
Source Water Protection			0	0.0%
Operator Certification			0	0.0%
TOTAL State Program Set-Aside	13DF		2,352,500	10%
15% Local Assistance Set-Aside max=		no reserve		
Local Assistance			0	0%
Capacity Development Outreach			1,346,250	15.0%
Source Water Assessment			0	0%
Wellhead Protection			0	0.0%
TOTAL Local Assistance Set-Aside	13DG		1,346,250	15.0%
TOTALS	15.0%	2,903,760	7,526,240	1,795,000
TOTAL CAPITALIZATION GRANT =	8,975,000			
TOTAL AMOUNT FOR LOAN FUND including state match	5,083,990			

TABLE 2			
DWSRF SOURCES AND USES			
	Cumulative Total through 6/30/2012	7/1/12 - 6/30/13	Cumulative Total through 6/30/2013
SOURCES:			
Federal Capitalization Grants	159,526,500	a 8,975,000	168,501,500
State Match			-
20% Capitalization Grant Match	28,010,300	b 1,795,000	c 29,805,300
10% Set-Aside 1:1 Match	13,892,330	d 1,097,500	14,989,830
Principal Repayments on Assistance Provided	20,217,625	e 13,900,000	34,117,625
Interest Repayments on Assistance Provided	5,804,991	1,425,000	7,229,991
Investment Earnings	1,201,369	230,186	1,431,555
Funds from Leveraging	-	-	-
Fees Deposited into the DWSRF	-	-	-
Funds Transferred from (to) CWSRF	-	-	-
Sources Total	228,653,115	27,422,686	256,075,801
USES:			
Loan/Grant Agreements Entered:			
Large Systems (>10,000 population)	46,499,595	5,000,000	51,499,595
Small Systems (≤10,000 population)	121,688,241	3,157,581	124,845,822
Additional Subsidy	27,351,310	3,106,581	30,457,891
Projects on IUPs with loans pending	17,852,000	13,801,035	31,653,035
Proposed Projects not yet authorized		3,865,000	3,865,000
			-
Set-Asides:			-
4% Administration	4,933,194	559,000	5,492,194
2% Small System Technical Assistance	3,190,927	179,500	3,370,427
10% State Program Management			-
PWSS Program Augmentation	11,589,864	1,097,500	12,687,364
Source Water Administration	1,401,803	50,000	1,451,803
Operator Certification	707,395	50,000	757,395
Capacity Development Program Oversight	300,778	-	300,778
Capacity Development Project in 1998	997,537	-	997,537
PD Database	620,000	-	620,000
State 1:1 Match	13,892,330		13,892,330
State Program Management Total	29,509,707	1,197,500	30,707,207
15% Local Assistance/Other State Programs			-
Capacity Development Outreach	3,845,056	433,750	4,278,806
Wellhead and GIS tracking	348,715	15,000	363,715
LA/Other State Program Subtotal	4,193,771	448,750	4,642,521
Uses Total	227,867,435	28,208,366	256,075,801

- Total federal appropriation thru FFY 2012 Capitalization Grant. DDW uses a fifo methodology for Unliquidated Obligations which can be found in Table 6 "2013 and 2014 Cash Flows and Cash Draw Proportionality" Page 17
- State General Fund Match thru FFY 2012
- 2013 20% available by June 30, 2013
- 10% 1:1 State Match includes a 1993 PWSS credit of not more than \$855,668
- 2013 repayments are estimated, but include an early repayment of 5 million from Woods Cross

B-2 LOAN PROGRAM:

UAC R309-705 establishes criteria for financial assistance to public drinking water systems in accordance with the Federal SDWA. A copy of UAC R309-705 can be found at <http://www.drinkingwater.utah.gov/rules.htm#705>. The 2013 DWSRF capitalization grant along with carry forward funds, repayments, interest and fee payments, and investment earnings provides the funds the Division has available to help public water systems finance needed drinking water projects.

A list of authorized and proposed projects requiring funding is listed next in Table 4.

TABLE 4						
AUTHORIZED FUNDING as of 1/31/2013						
Community	Loan #	Green Amt	Type	Loan Amt	Forgiveness	Total
Big Plains Water & Sewer/ Apple Valley	3F117			2,540,000	538,000	3,078,000
Cedarview Montwell SSD	3F188			2,128,000	532,000	2,660,000
Duchesne County	3F142			3,300,000	700,000	4,000,000
Eagle Mountain	3F207			4,648,000		4,648,000
Elberta Water Co	3F196			1,319,000	339,535	1,658,535
Freemont Waterworks	3F174			425,000		425,000
Goasland Spring WWC	3F195			319,000	59,000	378,000
Lake Rockport Estate	3F199			404,000		404,000
Herriman	3F194			4,682,000		4,682,000
Ogden Phase II	3F204			5,000,000		5,000,000
Mendon	3F205			1,072,000		1,072,000
Rockland Ranch	3F196			150,000	64,500	214,500
Skyline Mountain SSD	3F186			2,407,000	600,000	3,007,000
Willow Creek Wtr Co	3F200			225,000		225,000
Wooden Shoe Water	3F197			201,000		201,000
PROPOSED PROJECTS						
Community	Loan #	Green Amt	Type	Loan Amt	Forgiveness	Total
Green Hills Country Estates	3F191			1,071,000	276,000	1,347,000
Gunnison	3F208			2,500,000		2,500,000
				\$32,391,000	\$3,109,035	\$35,500,035

Green Legend Type	
G = Green Infrastructure	E = Energy Efficiency
W = Water Efficiency	O = Other Environmentally Innovative
* = Indicates c If identified as a green project it will note categorical exclusion or business	

This list will be used for the 2013 DWSRF capitalization grant and any other funds used for loans. Projects authorized by the Board but which have not been closed are entered in the section titled “Funds Authorized”. Staff is working with these systems to meet EPA requirements to close the loans. The other projects on the list are being reviewed and prepared by staff for the Board to approve. These have been chosen as the most likely projects next to be authorized. As conditions change, the Board may reassess project readiness, and choose to delay funding to those the Board considers “not ready to proceed” as allowed by rule R309-705-6. However, every effort is being made to close projects as soon as possible.

The following identifies and explains systems which submitted applications and were scored or were previously included in the 2012 Intended Use Plan, but have not been funded:

1. Cottonwood Wilkinson: Withdrew their application and decided not to pursue the project.
2. Bicknell and Sherwood Water Company were both transferred to state funding rather than the federal SRF loan program. Bicknell is currently under construction and Sherwood Water Company is being restructured to combine with Delta City. The funding for the Sherwood Water Company project required significant grant to enable the project to go forward. With the 30% maximum principal forgiveness required by the SRF Program, DDW determined it necessary to obtain another funding source.
3. Green Hills Country Estates: This community received sampling results which exceeded limits, but subsequent samples reduced the levels of contaminants to acceptable levels using averaging. Green Hills is currently not pursuing capital improvements. The project was not removed from the PPL, but was put in a hold status to allow the project to go forward if contaminant levels become excessive.
4. Santa Clara: Santa Clara needs funding for road work they want to perform at the same time as the project. The application was first submitted in 2010. Santa Clara will therefore need to reapply and be rescored to be taken before the Board.
5. Summit County Service Area #3: The community withdrew their application for funding after they received an exception to a water pressure rule violation.

Green Infrastructure:

The 2013 capitalization grant does **not** require projects to meet a minimum percentage to be used for water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities. However, DDW is always pursuing green projects including technological innovations to enhance green development.

February 1, 2013

Utah Federal SRF Program – Table 5

			Priority Points	Project Priority List						
				Total Unmet Needs = \$244,153,901			Total Needs, incl. recently funded = \$278,276,936			Authorize \$21,121,881
		Green		System Name	County	Pop.	Project Title	Project Total	Request DWB	Funds Authorized
N			75.0	Wasatch Mtn Club Lodge	Salt Lake	100	Surface water treatment system	\$22,000	\$18,000	
N			37.2	Gunnison	Sanpete	3,285	New well, Tank, Chlorination bldg, waterlines	\$6,575,000	2,500,000	
N			20.1	Green Hills	Weber	210	Connect to Eden Water and Booster Pump1	\$1,374,136	1,346,136	
A			75.8	Wooden Shoe Water Co.	Summit	76	Well, well house, tank	\$202,424	\$202,424	\$201,000
A			47.4	Duchesne County	Duchesne	3,585	Supply line to 3 existing districts	\$22,000,000	\$4,000,000	\$4,000,000
A			44.5	Ogden City	Weber	82,825	waterline replacement, new tank	\$5,000,000	\$5,000,000	\$5,000,000
A			39.9	Skyline Mountain SSD	Sanpete	1,535	New well, Tank, Chlorination bldg, waterlines	\$3,101,819	\$3,006,687	\$3,007,000
A			36.5	Lake Rockport Estates	Summit	239	New Storage Tank	\$500,000	\$400,000	\$404,000
A			29.5	Elberta Water Co	Utah	141	Well equipping and transmission line	\$1,657,106	\$1,657,106	\$1,658,535
A			25.2	Big Plains Water & Sewer District	Washington	100	Consolidation of 2 private systems	\$7,341,709	\$3,670,854	\$3,175,000
A			19.1	Goaslind Spring	Cache	50	Spring redevelopment, tank, waterline, chlorination	\$1,089,899	\$1,089,899	\$378,000
A			16.6	Cedarview-Montwell	Duchesne	1,453	Waterlines and 2 Storage Tanks	\$5,914,425	\$2,655,800	\$2,660,000
A			14.9	Mendon City	Cache	1,400	New well, transmission line, telemetry	\$1,240,227	\$1,071,595	\$1,072,000
D										
A			14.6	Sherwood Water Co	Millard	319	consecutive connection to Delta	\$1,085,750	\$1,085,750	\$0
A			13.3	Eagle Mountain	Utah	23,000	Pump Station and Waterline	\$5,694,427	\$4,694,427	\$4,648,000
A			11.1	Fremont Waterworks Co.	Wayne	600	spring redevelopment, pipeline, fire hydrants	\$425,000	\$425,000	\$425,000
A			10.3	Willow Creek Water Company	Box Elder	60	New Well	\$195,455	\$195,455	\$225,000
A			9.6	Rockland Ranch	San Juan	110	New Well	\$106,050	\$106,050	\$214,500
A			8.9	Herriman	Salt Lake	24,000	New 3 MG tank and pump station	\$8,325,000	\$5,000,000	\$4,682,000
			N =	New Application		E=	Energy Efficiency			
			A =	Authorized		W=	Water Efficiency			
			P =	Potential Project- no application		G=	Green Infrastructure			
						I=	Environmentally Innovative			

GREEN PROJECTS-In Construction

A	E/W	100%	N/A	Mountain Regional SSD	Summit	6,400	SCADA, well improvements, chlorinator	\$1,277,778	\$1,277,778	\$1,278,000
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TABLE 6 – 2013 and 2014 CASH FLOWS AND CASH DRAW PROPORTIONALITY

SUBRECIENT	LOAN NO	BINDING CLOSED DATE (EST	CONSTR START DATE	TOTAL ULO's and new loan amounts	FFY 2013 Ending 9/30/13				SFY 2014 Ending 6/30/14		
					QTR 1 (O-D 12)	QTR 2 (J-M 13)	QTR 3 (A-J 13)	QTR 4 (J-S 13)	QTR 1 (O-D 13)	QTR 2 (J-M 14)	QTR 3 (A-J 14)
2012 closed loans not fully disbursed											
American Fork	3F162	Jul-12	Jul-12	250,000			250,000				
East Grouse Creek	3F077	Jul-09	Sep-12	26,000		26,000					
Hanna Wtr & Swr	3F119	Apr-12	Jun-12	260,000			260,000				
Joseph	3F158	Jun-11	Jun-11	161,147			161,147				
Kane Co WCD – Johnson	3F165	Dec-10	Mar-12	2,201,000		400,000	1,200,000	601,000			
Leeds Domestic Wateruser Assn	3F138	Aug-10	Sep-10	140,000		140,000					
Mountain Regional SSD	3F179	May-12	Jun-12	533,000			533,000				
Ogden	3F189	Oct-12	?	1,500,000			1,500,000				
Est 2013 & 2014 closed loans											
Skyline Mountain SSD	3F186	Mar-13	Apr-13	3,007,000		1,322,000	478,000	1,207,000			
Big Plains Wtr & Swr (Apple Valley)	3F117	Mar-13	Apr-13	3,078,000		2,500,000	350,000	228,000			
Herriman	3F194	Mar-13	Apr-13	4,682,000			1,200,000	1,500,000	900,000		1,082,000
Eagle Mountain	3F204	Apr-13	Apr-13	4,648,000			1,500,000	1,500,000	800,000		848,000
TOTALS				\$20,489,147		\$4,388,000	\$7,432,147	\$ 5,036,000	\$ 1,700,000	\$ -	\$ 1,930,000
2011 SRF AWARD #FS 99878411				\$ 503,694	Fed Share	\$ 503,694					
					State Share	\$ 127,517					
Federal Loan Share				503,694	Fed Share	79.798%					
State Match				127,517	State Share	20.202%					
Total available for loans				631,211							
2012 SRF AWARD #FS 99878412				\$ 8,975,000	Fed Share	\$2,952,587	\$3,637,663				
					State Share	\$ 804,202	\$ 990,798				
Federal Share				6,590,250	Fed Share	78.571%	78.571%				
State Match				1,795,000	State Share	21.429%	21.429%				
Total available for loans				8,385,250							
2013 SRF AWARD #FS 99878413				\$ 8,975,000	Fed Share		\$ 2,210,584	\$3,970,667	\$ 508,999		
					State Share		\$ 593,102	\$1,065,333	\$ 136,565		
Federal Share				6,469,380			78.846%	78.846%	78.846%		
State Match				1,764,400			21.154%	21.154%	21.154%		
Total available for loans				\$ 8,233,780							

Additional information:

1. The 20% state match is transferred 100% into the SRF fund when the SRF grant is awarded (within 90 days).
2. All federal funds are disbursed using a fifo method (first in first out)

Description of Criteria and Method Used for Distribution of Loan Funds:

The complete description of the criteria and method used for distribution of funds is outlined in Utah Administrative Code (UAC) R309-705-6. As described in R309-705-6, the priority system assigns points to systems showing a deficiency in source, storage, treatment, and/or the distribution system. Points are assigned based on the relative risk of each deficiency, and are divided as applicable between health risk and compliance with SDWA. The applicant's priority points are modified by a financial factor, known as the Rate Factor, and the AGI Factor. Their calculation is shown below:

Priority rating = (Average number of points received) X (Rate Factor) X (AGI Factor)

Where: Rate Factor = (Average System Water Bill / Average State Water Bill)

AGI Factor = (State Median AGI/ System Median AGI)

The priority points for demonstrated deficiencies are multiplied by the Rate Factor and AGI Factor to arrive at a final priority rating. This method addresses financial hardships present in less affluent communities and in those already experiencing higher water rates.

Upon arriving at a final priority rating for each applicant, each application is rated and added to the priority list. The Board may, at its option, modify a project's priority rating based on the conditions described in R309-705. The Board sets the effective interest, hardship fee and/or technical assistance fee rate and decides the amounts allowed for principal forgiveness or grants. The most current Revenue Bond Buyer Index (RBBI) is used as the base rate. Table 2 in UAC R309-705-6 is used to determine the reduction of the interest rate (or other rate) which potentially may be reduced to zero percent.

Project Priority List:

DDW operates with a continuous project priority list. When applications are received throughout the year, they are reviewed to ensure compliance with federal and state drinking water regulations and scored based on the rating factors indicated in the previous paragraph. Currently, all applications meeting requirements are prepared to take to the Board for authorization. Since the applications are submitted throughout the year and may be scored and closed quickly, on occasion a water system project may not have been included in any intended use plan. However, the continually updated PPL is posted on the division website and additions or changes are approved by the Board.

Green Infrastructure:

The 2013 capitalization grant does **not** require projects to meet a minimum percentage to be used for water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities. However, DDW is always pursuing green projects including technological innovations to enhance green development.

Assistance for Disadvantaged Communities:

Section 1452 (d) changed in the 2009 session to require states to provide a minimum of 20 percent additional loan subsidies in the form of negative interest, grants or principal forgiveness to benefit communities meeting the State's definition of "disadvantaged". The SRF 2012 session lowered the minimum requirement to 20 percent, but reinstated the previous maximum amount of no more than 30 percent of the federal award to be provided for loan subsidization. DDW will comply with the programmatic conditions of the grant award.

The Board defines disadvantaged communities as those communities located in an area which has a median adjusted gross income which is less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission (USTC) from federal individual income tax returns excluding zero exemption returns, or where the estimated annual cost, including loan repayment costs of drinking water service for the average residential user exceeds 1.75% of the median adjusted gross income. If, in the judgment of the Board, the USTC data is insufficient, the Board may accept other measurements of the water users income (i.e. local income survey or questionnaire when there is significant difference between the number of service connections for a system and the number of tax filing for a given zip code or city, or when the water system claims that the MAGI (incomes) of its users is lower than the MAGI (incomes) of the larger community covered by the USTC data).

The amount and type of financial assistance offered by the Board will be based upon the criteria shown in UAC R309-705-6 (2). Disadvantaged communities may receive zero-percent loans, negative interest rate loans, principal-forgiveness loans or grants. Terms for each method of financial assistance shall be determined by a Board resolution.

The Board has not set any pre-determined amount of DWSRF funds that may be used for principal forgiveness to disadvantaged communities. It is the Board's intention to authorize additional subsidization only to communities that meet the "disadvantage criteria".

Costs Incurred After Application and Prior to Execution of the Loan Agreement:

Eligible project costs incurred after application to the Board and prior to execution of the loan agreement are eligible for reimbursement. Reimbursement will only be made after the loan closing.

Municipal Bond Legal Fees:

The Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of a recognized municipal bond counsel selected by the Board UAC (R309-705-8 (2)). The loan recipient is responsible for the legal costs. Legal costs may be paid from the loan proceeds.

Capacity Development Requirements:

Eligible Systems: The SDWA allows DWSRF assistance to publicly and privately owned community water systems and nonprofit, non-community water systems other than systems owned by Federal agencies. Federal Regulations also set forth certain circumstances under which systems that will become community water systems upon completion of a project may be eligible for assistance. UAC R309-705 Financial Assistance: Federal Drinking Water Project Revolving Loan Program (Effective January 28, 2009) establishes criteria for financial assistance to public drinking water systems in accordance with a federal grant 42 U.S.C. 300j et seq., Federal Safe Drinking Water Act. The SDWA requires that loan recipients must demonstrate the technical, financial and managerial capacity (TFM) to comply with the SDWA and not be in significant noncompliance with any requirement of a national primary drinking water standard or variance. The State will assess TFM and compliance in accordance with UAC R309-800 Capacity Development Program after loan applications have been received. Those systems lacking in TFM or compliance may still be eligible for a loan if the loan will address the non-compliance or the system agrees to undertake feasible and appropriate changes in operations.

Environmental Reviews and Categorical Exclusions:

The State Environmental Review Process (SERP) is described in the Operating Agreement. The Grantee, the State of Utah, may elect to partition an environmental review or Categorical Exclusion (Cat Ex) from environmental review. The procedures listed below will be followed by the State in order to evaluate if partitioning a project from environmental review is appropriate.

A. Authority:

The authority for including these procedures in the Division's Intended Use Plan (IUP) and State Environmental Review Process (SERP) is contained in the SDWA Amendments of 1996 (Pub. L. 104-182) and the guidance provided by the EPA DWSRF Program Guidelines, document # 816-R-97-005 (February 1997). In particular, see Section IV. STATE/PROJECT LEVEL AUTHORITIES, Subsection B. Environmental Reviews.

B. Procedures for Making Determination Cat Ex:

1. If the Division has reason to believe that the project falls within one of the categories listed under paragraph "C" and thereby may qualify for a Cat Ex from environmental review, the State will make a preliminary survey of the proposed project site(s).
2. During this survey the State will evaluate whether or not the project meets the criteria for a Cat Ex from environmental review.
3. If the State determines the site qualifies for Cat Ex from environmental review, it will document the justification of this determination, including a listing of the dates of activities, which led to this determination, and a statement of relevant findings.
4. Even if the project qualifies for Cat Ex from environmental review according to the criteria listed under paragraph "C", the State may require an environmental review if the State determines that an environmental review is warranted or appropriate because of conditions found at the site or because the project is controversial.

C. Criteria for Categorical Exclusion From Environmental Review:

In order for a project to qualify for an environmental determination of Cat Ex from environmental review, the general location of the project should have been previously disturbed. Site conditions which will be evaluated in making this determination include a) how urbanized the location is, b) whether wildlife has previously been displaced, and c) whether the wildlife habitat has been previously destroyed or replaced. The project site shall meet at least one of the following criteria:

1. A proposed water line will be placed in a roadway(s) and/or rights-of-ways where existing pipes, telephone wires, cables, or other facilities have previously been installed.
2. A proposed tank site will be located on a site with other previously constructed utility facilities on a previously disturbed site.
3. The proposed facilities will be located at a site with other existing community infrastructure; e.g. a booster station, pump house, water treatment plant, or similar facility within a previously disturbed area and which will not extend into sensitive areas in the ground or adjacent to the previously disturbed area.

D. Public Notice and Participation:

The State will provide public notice when a Cat Ex is issued or rescinded. However, no formal public comment period need be provided prior to the Cat Ex becoming effective.

B-3 SET-ASIDES:

The State Program Management set-aside requires a dollar for dollar match. The other set-asides do not have a match requirement. Up to 10% may be allocated to State Program Management set-aside. At least half of the State Program Management match must be additional to the amount expended by the State for public water supervision in fiscal year 1993. The State is authorized to use the amount of State funds it expended on its PWSS program in fiscal year 1993 as a credit toward meeting its match requirement. The value of this credit can be up to but not greater than 50 percent of the amount of the match that is required. The amount spent in 1993 in the PWSS program was \$855,668. The need to use the 1993 credit continues. DDW does not anticipate this to change in the near future. DWSRF has identified a few alternate sources to meet the state match should general funds be decreased further.

Set-aside funding is used to:

Fund established programs

Fund continuing growth

Fund increasing operating costs

And to the extent set-aside funds are available, assist in funding the additional staff needed

To implement new Federal rules regarding regulation of drinking water contaminants

The state will not use set-aside funds for those projects or project-related costs that are eligible or explicitly ineligible for assistance from the Fund except the State may use set-

aside funds for: 1) project planning on design costs for small systems, and 2) for costs associated with restructuring a system as part of a capacity development strategy.

Set-aside funds have been used on first in first out (fifo) basis and will continue to do so. Usage is accounted for by set-aside. Unused funds are carried forward to the next fiscal year. Set-aside funds allocated from the Federal 2010 grant will be used in state fiscal years 2013 and after. The loan funds have also been treated on the fifo basis with one exception.

The intended use of set-aside funds:

Maintain the staff (FTEs) hired with set-aside funds including benefits, costs allocated as a percent of personal services, and other related costs. DDW is pursuing various funding sources to provide additional funding to hire new staff or contractors to meet the ever increasing demands for DDW to maintain primacy.

Continue our contract with the Rural Water Association of Utah (RWAU) to implement portions of the expanded operator certification, wellhead protection and capacity development programs. RWAU has also been assisting the DWSRF program with capacity development outreach activities.

Continue our contracts with the twelve local health departments to conduct sanitary surveys.

Table 7 Set-Aside and State Match Requests					
ACTIVITY		AVAILABLE	2013 DWSRF		Total Request
Loan Fund	12DA	\$ 6,192,750	\$ 6,690,250	100%	\$ 6,690,250
4% Administrative Set-Aside	12DD	359,000	359,000	4%	
Plus reserves from prior grants			200,000	2%	559,000
2% Small Sys.Tech. Asst.	12DE	179,500	179,500	2%	179,500
10% State Program		897,500			
PWS Supervision			797,500	8.89%	797,500
Plus reserves from prior grants			200,000	2.23%	200,000
Capacity Development			-	0.00%	-
Source Water Protection			50,000	0.56%	50,000
Operator Certification			50,000	0.56%	50,000
TOTAL State Program Set-Aside	12DF		1,097,500	12.2%	1,097,500
15% Local Assistance (Up to 15%)		1,346,250			
Local Assistance				0.00%	-
Capacity Development Outreach			433,750	4.83%	433,750
Source Water Assessment				0.00%	-
Wellhead Protection			15,000	0.17%	15,000
TOTAL Local Assistance Set-Aside	12DG		448,750	5.00%	448,750
TOTALS			\$ 2,284,750	25.46%	\$ 2,284,750
TOTAL CAPITALIZATION GRANT =		\$ 8,975,000	\$ 8,975,000		
State 20% Match		1,795,000	1,795,000		1,795,000
State Program Management 1 for 1		1,097,500	1,097,500		1,097,500

Set-aside requests and intended use:

Administration set-aside:

We are requesting all 4% of \$8,975,000 of the DWSRF 2013 grant in the amount \$359,000. In addition, DW needs to request additional funding from the 4% reserved funds account accumulated from previous grant years in the amount of \$200,000. The total reserve account will have a balance of \$1,248,760 left in the account for future use (beginning account balance of \$1,448,760 less \$200,000). The total 4% set-aside request will total \$559,000.

An estimate of carry-forward to SFY 2014 is \$8,467 plus 2013 award of \$559,000 to equal \$567,467. The administration set-aside will fund five to six full-time equivalents (FTEs) positions to operate the program in SFY 2014, including one employee that will be charging to this set-aside for technical assistance activities and another employee specifically dealing with Davis-Bacon issues directly with the water systems. The budget estimate will fund salary, benefits, office space, equipment, travel, training, supplies, and the indirect allocation for SFY 2014 to total \$537,800. The administration set-aside does not require a state dollar for dollar match.

Using these funds for technical assistance has set the annual amount to slightly exceed \$500,000 annually. DDW is requesting reserve account funds to cover the additional expenses.

State Programs set-aside:

The state programs set-aside total amount request is \$1,097,500. We are requesting \$897,500 the maximum (10% x \$8,975,000) as is divided to the sub-categories as listed on Table 7 (above). The sub-categories include PWS Supervision, Capacity Development, Operator Certification, and Source Protection. Budgeting, disbursements, and draws are also accounted for by sub-categories. In addition, DW is requesting additional funding from the 10% reserved funds account accumulated from previous grant years in the amount of \$200,000. The total reserve account will have a balance of \$1,255,760 left in the account for future use (beginning account balance was \$1,455,000 less \$200,000).

The State Program set-aside requires a dollar for dollar state match. The dollar for dollar match requirement is separate and in addition to the 20 percent match added to the loan program. We anticipate being able to meet the required dollar for dollar match using the current year state general fund allotment and the PWSS credit allowed by section 1452 (g) (2) for fiscal year 1993 PWSS expenses. Our general fund allotment seems to have stabilized, and hopefully will remain stable. Currently there are sufficient general funds combined with using the PWSS credit to meet the required 1:1 state match for the amount of 10% set-aside requested. Approved additional state match sources include hardship grant fees and technical assistance fees (which have been deposited into a separate fund, loan origination fees paid to DW directly by a loan recipient (but which has not been included as principal in a loan), and operator certification fees (if operator certification fees are given an exemption in the capitalization grant award). But as stated previously, DW should have sufficient general funds to meet the 1:1 state match.

Currently RWAU activities are paid from this set-aside to pay for 2 ½ positions performing

clerical duties, and may include assisting water systems in preparing forms during the application stage of applying for new loans, advising solutions to keep the systems technically and financially sound, or assisting communities with ordinances to improve their laws. The current contract with RWAU for Calendar Year 2013 is approximately \$81,900 for this set-aside.

PWS Supervision (augmentation) set-aside:

We are requesting \$997,000 from the 2013 award; we estimate a carry-forward to SFY 2014 of \$940,900. Expenditures for SFY 2014 are estimated at \$1,232,800 not including the dollar for dollar match this set-aside requires. The budget for SFY 2014 including the match equals \$1,908,100.

The PWS Supervision set-aside provides the necessary resources for the Division of Drinking Water to continue performing basic core functions such as sanitary surveys, plan reviews, compliance monitoring, groundwater source protection, and many other facets of public health protection. Growth impacts in the state combined with the stricter EPA standard levels SDWA amendments and associated State and Federal regulations create a tremendous workload. The PWS Supervision set-aside funds are used primarily to fund our engineering section and other employees totaling approximately sixteen (16) FTE to support DW activities. The following items are also provided from the PWS Supervision set-aside funds:

1. We continue to contract with RWAU to provide two and one-half FTEs to do data input, and secretary type work to free-up scientist and engineers from filing, data input, and other non-professional duties. Funds from the PWS Supervision set-aside are used to fund a portion of the contract employees cost.
2. The State of Utah contracts with the twelve local health departments (LHD) to conduct sanitary surveys. \$71,700 is funded from the PWS Supervision set-aside and the balance is from the PWSS grant, both matched with state funds. The LHD's are currently paid \$177,224 annually. A kaizen study was performed recently (and is still ongoing), specifically reviewing the LHD's participation with sanitary surveys, and identifying factors to better allocate funds to LHD's based on type, size, items included in the system (i.e.: tank, well, pump house, SCADA, treatment, transportation lines), and/or other factors to create various costing elements to create a typical sanitary survey. This study may change the amount of money being paid to the LHD's.
3. The cost of a Data Processing programmer is funded by the PWS Supervision set-aside to assist with continued development and implementation of SDWIS.

Capacity Development Program:

We are not requesting any additional funds from the 2013 grant. The estimated carry-forward to FY14 is \$15,000. The amount budgeted was \$19,400. If expenses exceed the grant funds available in SFY 2014, a request to move funds from the PWS Supervision sub-category will be requested. This set-aside requires a dollar for dollar match.

The State of Utah has statutory authority for a capacity development program (Section 19-4-104 of the Utah SDWA). Time of one FTE, as needed, will oversee and maintain the program. The Division is current with all reports due to the Governor and USEPA.

Operator Certification Program:

The State has an Operator Certification program that has been mandatory since 1985. Prior to 1997 the program required community water systems serving more than 800 population and any public water systems treating surface water to have a certified operator. The statutory authority to reduce the threshold population from 800 to 25 was enacted by the 1997 Legislature. The Safe Drinking Water Act requires all community and non-transient, non-community water systems and all public water systems that treat surface water to have a certified operator.

USEPA published final Guidance (EPA-816-R-98-006) in July 1998 establishing national policy regarding the implementation of the operator certification related provisions of the SDWA including how EPA would assess State operator certification program for purposes of making withholding decisions.

Funding for the Operator Certification program comes from two sources:

- 1) Fees
- 2) DWSRF Operator Certification set-aside

DDW is \$50,000 from the 2013 grant for the operator certification program. An estimated carry forward balance to FY 2014 is approximately \$70,000, which should be sufficient to cover the expenditures budgeted of \$98,200. The time of one FTE is dedicated to coordinating and administering this program. The division contracts with the Rural Water Association annually to assist with operator certification training. The contract also funds staff training time and training supplies.

This set-aside requires a dollar for dollar match. The operator certification program requires an operator to pay a fee. Currently DDW fees collected are approximately \$100,000 per year. **Please include an exemption in the grant award to allow DDW to use these fees as state match if necessary and continue to do the same in future years. This provision has not been implemented previously and is being requested as a secondary state match, or to substitute for general funds if they are reduced below the needed state match requirements for the 1:1 match.**

Source Protection Administration:

The SDWA Amendments of 1996 require each state to maintain a source water quality assessment program for all public water systems. The time of one FTE is dedicated to developing, implementing, and coordinating this program.

We are requesting \$50,000 from the 2013 grant for the source water program. An estimated carry forward balance to FY 2014 will be approximately \$40,000, to make a combined total of \$90,000 available. Estimate expenditures for FY 2014 are budgeted at \$97,000. This set-aside requires a dollar for dollar match.

Small Systems Technical Assistance:

We are requesting \$179,500 the maximum allowed (2% x \$8,975,000), plus a carry forward

of approximately \$200,000. Expenses for 2014 are estimated at \$202,000. This set-aside is only used to fund our contract with the Rural Water Association which is primarily assisting public water systems serving 10,000 people or fewer (section 1452(g) (2)) to maintain viable water systems.

RWAU is a critical partner assisting DDW in responding to water system inquiries and taking action to assist water systems to be financially, technically, and managerially sound. Including but not limited to:

- a. Water rates & fees analysis
- b. Applying for and obtaining funding for projects
- c. Locating and securing engineering
- d. Ordinance, resolution and by-laws development
- e. System security

RWAU assists systems in preparing management, conservation, financial, capital improvement, sampling and cross connection control plans.

Train five water system boards and or councils in subjects related to capacity development.

Perform Financial/Management audits with water systems as requested by the system or DDW.

Encourage and provide assistance to public water systems listed on the ETT (enforcement targeting tool) to apply for financial assistance from the Board in situations where assistance would be helpful for the water system to return to compliance with the drinking water rules. They may also assist water systems which have borrowed funds from the Drinking Water Board.

Provide technical support to the UT-WARN web site and work with UT-WARN steering committee to provide web site services for the UT-WARN members.

Provide six (6) training sessions strategically around the state of Utah on Emergency Response and Preparedness and related topics.

Provide monthly reports to DDW showing which water systems were visited during the month by the State Circuit Rider and Management Tech, the nature of the contact, and progress made with these systems.

The Small Systems Technical Assistance set-aside does not require a state dollar for dollar match.

Local Assistance, Capacity Development, Source Water Assessment, Wellhead Protection and Other State Programs:

We are requesting \$448,750 which is 5% of the grant total and less than the maximum of

\$1,346,250 (15% x \$8,975,000). A carry forward balance of approximately \$300,000 is anticipated for FY 2014, making a total estimated balance available of \$778,750 for this set-aside. The FY 2014 budget is estimated at \$391,700. It is divided into two sub-categories, capacity development and wellhead protection. Budgeting, disbursements, and draws are accounted for by sub-categories.

In FY 2010 DDW began two projects aimed at assessing risk of and for protecting source water. Both of these projects results are noted in the Nitrate Project section below. The results should assist both DWQ and DDW.

Nitrate Project

DDW developed a GIS-based tool to assist with forecasting nitrate problems in wells, in cooperation with the Utah Geological Survey (UGS). The tool may be further refined, but is considered substantially complete. The tool allows users to create a “heat map” for Utah showing nitrate occurrences as measured in PWS wells and springs, private wells, UGS sampling, and some surface water occurrences. Time is available as a dimension of the map, which shows changes in nitrate concentrations over time. DDW intends that this tool will allow early warning to systems of potential nitrate problems in their wells, and through partnering with our “Clean Water” agency. The Division of Water Quality can take actions to mitigate problems before they worsen.

The next step in the project is to identify one or two areas in Utah for on-the-ground efforts to implement BMPs for nitrate management. That effort will be conducted by Utah State University, and will be funded through a small non-point source grant. DW expects this tool to have uses beyond the application of PWS wells, and envision ongoing use by DWQ and the UGS in other applications.

Capacity Development Out-reach with Public Water Systems Sub-Category:

We are requesting \$433,750 from the 2013 grant for capacity development, out-reach and local assistance. The estimated carry-forward to FY 2014 will be about \$289,700, for a combined amount available of \$439,750. The amount budgeted for FY 2014 is \$368,300. This will fund four FTEs for implementation of local drinking water protection initiatives (section 1452(k)) and direct technical assistance to water systems for capacity development. While DDW has staff charging to this set-aside, it understands all charges by employees need to have direct interaction with the water systems. Rural Water Association of Utah also has tasks relating to direct interaction with the water systems and has been allocated \$40,000 in the contract for this specific purpose.

Wellhead Protection Sub-Category:

We are requesting \$15,000 from the 2013 grant. We anticipate carry-forward of about \$15,000 for this sub-category. A transfer of funds from the 2012 capacity development sub-category to the wellhead protection sub-category of \$15,000 was approved in February, 2013. Total available funds beginning FY 2014 should be about \$30,000. This amount should be

sufficient funding to cover the budgeted expenses of \$23,400 to cover the expenses of less than one person overseeing the implementation and maintenance of GIS activities. Maintenance of the source protection zone geodatabase is an on-going project as new water sources are developed and existing source protection zones are modified.

The Local Assistance and Other State Programs set-aside does not require a state dollar for dollar match.

C - ATTACHMENTS

Attorney General Enabling Legislation Opinion Letter for FY2013 base program
Organization Chart

D - UTAH ADMINISTRATIVE CODE RULE R309-705

The Rule for Projects Receiving Assistance from the Federal DWSRF can be found at the website www.drinkingwater.utah.gov/rules
Loan Program is available at www.drinkingwater.utah.gov